

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Reducing our environmental footprint

In 2022 we began our 'Pathway to Net Zero' project and further integrated our ESG Framework.

- A dvancing sustainability
- M inimising environmental impact
- S ocially responsible

Our ESG Framework is based on our 4 Ps (Planet, People, Product, Policy). It focuses on key commitments that are meaningful and aligned to our Mission, Vision and Strategy, and considers our contribution to the United Nations SDGs. It is supported by Increased resources, improved organisational focus, environmental responsibility and a Net Zero ambition.

Our contribution to the United Nations Sustainable Development Goals (SDGs)

These areas where our business can have the most meaningful impact:















For more information see page 31



ESG Framework

Environment



Social





Governance



Principles

- Minimise any negative impact on the environment
- Uphold the highest standards of corporate responsibility.
- Having a positive impact on the local communities in which we operate.
- Offer our employees a safe, supportive working environment with a positive culture.
- Operate in an ethical and responsible manner.
- Contribute to society by developing products to improve patient outcomes.
- Uphold the highest standards of corporate governance.
- Build and develop an ESG reporting framework with meaningful targets.

Stakeholder engagement

- Communities and Environment.
- Supply Chain.
- Investors.

- Patients, Partners, Clinicians
- Employees.
- Regulators.
- Supply Chain.
- Investors.
- Partners.
- Employees.

Commitments

- Minimise negative environmental impact, combat climate change.
- Manage energy use more efficiently and increase renewable and sustainable resources.
- Reduce waste, protect water, improve recycling, re-use materials.
- Expand scope of ISO Certification.
- Promote Environmental Pledge Scheme.

- Attract, retain and develop our talent to support future growth.
- Promote equality, diversity and inclusion.
- Support employees on health, safety and all forms of wellbeing, including Employee Assistance Programme (EAP) and mental wellness app.
- Provide financial support for employees' charity work, chosen charities and community volunteering.

- Uphold ethical standards across our value chain.
- Work with patients, partners and clinicians to identify unmet needs.
- Improve transition of early stage R&D, reduce waste.
- Manufacture products focused on quality, customer safety, welfare.
- Transition to recyclable packaging, apply regulations and certification.

- Uphold external standards to protect human rights.
- Zero tolerance towards bribery, corruption and fraud.
- Robust data governance and compliance.
- Ensure equal pay regardless of gender, ethnicity or disability.
- Enrol in UN Global Compact, embed Ten Principles across business.

ESG metrics

- Pathway to reduce emissions, scope 3 plan.
- CO₂e emissions per £k sales (KG).
- Gas usage, water, electricity (total, by person).
- Waste (landfill).

- · Charitable donations.
- YOY Health & Safety score.
- Employee Engagement score.
- Training and development spend.
- Participation in Employee Share Plan.
- Number of new products released per year.
- % new products released with recyclable packaging.
- Product safety rates in market.
- % suppliers signed up to Supplier Charter.
- Reported cases of bribery, corruption or fraud.
- · Whistleblowing reports.

UN Sustainable Development Goals



















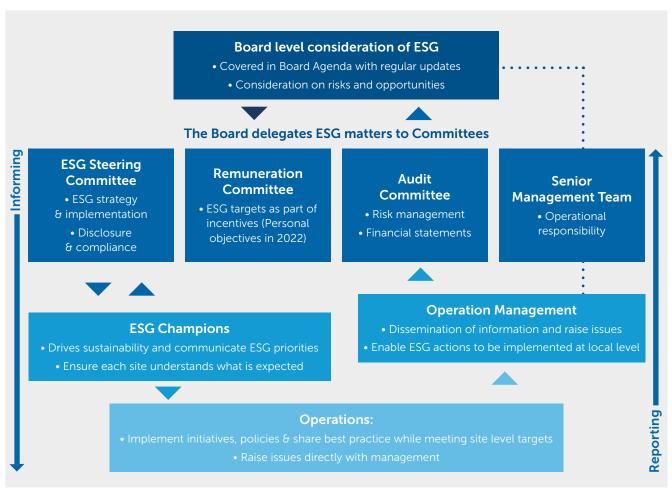


ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

ESG Principles



ESG Governance and Integration



The SDGs which we consider to be most relevant to AMS are:

UN Goal

How AMS contributes



Ensure healthy lives and promote wellbeing for all at all ages

- Improve patient outcomes.
- Focus on employees (mental, wellbeing, flexible working and Employee Assistance Programme.

5 GENDER EQUALITY

Ensure gender equality and empower all women and girls

- Ensure equal opportunities during recruitment and promotion.
- Equality, Diversity and Inclusion programme.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

• Work closely with clinicians and partners investing in industry leading training and education.



Promote innovative and sustainable economic growth, full and productive employment and decent work for all

- Ensure employees are engaged, skilled and motivated.
- Pay living wage and support lower earners.



Ensure sustainable consumption and production patterns

 Ensure all products meet highest standards of quality, safety and efficiency, and are ethically sourced.



Take urgent action to combat climate change and its impacts

 Committed to reduce our carbon footprint, reduce waste and utilise renewable energy, where possible.

Other key ESG activities

Modern Slavery Act

AMS takes its responsibility to protect human rights very seriously. We do not tolerate slavery or human trafficking either internally or in our supply chain. We will never knowingly deal with any organisation which is connected to slavery or human trafficking.

Our full compliance statement can be found on the company website **www.admedsol.com**

Gender Pay Gap Reporting – Ensuring Opportunities for All

AMS believes in being an inclusive and diverse employer.

We remain confident that employees are paid equally for doing equivalent jobs, and have opportunities for development and advancement.

Our latest report under the Gender Pay Gap Regulations is available on the company website www.admedsol.com

CASE STUDY

Reducing our environmental impact

In 2022 our Plymouth site undertook a project to add 430m² of space for production, development and quality purposes. In-line with local planning requirements, and to futureproof the expansion, AMS undertook biodiversity assessments, reviewed building methods and considered waste and other potential impacts within the building process. We have ensured that the extension has structural stability to further expand our solar array at Plymouth in the near future.

This building project took nine months to complete and there were no injuries during construction, as well as no environmental complaints, environmental losses or leaks. Biodiversity management achievements included:

- No adverse reptile or animal events recorded.
- Rewilding of land with natural scrub and wildflowers along eastern boundary.
- Log piles to promote a diverse range of wildlife including hedgehogs, toads, spiders and other small mammals.
- Bird and bat boxes added to existing trees to further attract these species to the area.

95.3

MWh generated (from solar) 2021: 68.7MWh)

21%

of site electricity (from solar) 2021: 19% (extension not included)



Find out more on our website www.admedsol.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

ESG Project - Pathway to Net Zero

In 2022, we commenced work on our Pathway to Net Zero with an external consultant. We are currently working through a Net Zero project timeline (see below) with data collections, emission calculations and three site surveys completed.

In order to be able to provide a complete picture of the impact of our entire supply chain, in addition to measuring emissions from our own operations and electricity consumption (Scope 1 and 2), we have estimated the greenhouse gas (GHG) emissions associated with all upstream and downstream activities (Scope 3).

Scope 3 emissions are indirect emissions not under our direct control and often account for 80%-99% of a company's emissions footprint. Assessing these emissions can help to focus reduction activities. Collaboration and business choices can help to reduce these emissions.



In 2021 we produced 47,352 tonnes carbon dioxide equivalent (tCO_2e) Scope 3 emissions connected to our entire global operations. These emissions account for 94% of our total greenhouse gas emissions footprint.

All emissions have been calculated following the GHG Protocol's Corporate Accounting and Reporting Standard and the guidelines of the ISO14064-1. All applicable Scope 3 categories have been quantified. Each greenhouse gas has a different global warming potential (GWP) compared to carbon dioxide ($\rm CO_2$) eg Methane (CH4) has a warming potential 28 times that of $\rm CO_2$.

Upstream and downstream transport and distribution, paid for by us and our customer's respectively, also produce significant Scope 3 emissions. A better understanding of the transport mode used for products, and moving towards lower carbon transport routes, will help us to reduce emissions.

Going forward, our Scope 3 emissions will be addressed through engagement with suppliers, customers and internal engagement. We are in the process of producing a decarbonisation action plan which will detail the short, medium and long-term actions we will take to meet near-term and Net Zero targets.

Emissions Scope and Scope 3 Category	"January 2021 - December 2021 GHG Emissions (tCO ₂ e)"	
Scope 1	1,716	
Gas	889	
Transport (Excluding Grey Fleet)	249	
Other Fuels	145	
F-Gas	433	
Scope 2 (location-based)	1,352	
Scope 3	47,352	
Purchased Goods and Services	19,060	
2. Capital goods	6,130	
3. Fuel-related emissions	705	
4. Upstream Transportation and Distribution	5,377	
5. Waste generated in operations	326	
6. Business travel	214	
7. Employee commuting	825	
8. Upstream leased assets	Not Applicable	
9. Downstream Transportation and Distribution	4,779	
10. Processing of sold products	9,751	
11. Use of sold products	Not Applicable	
12. End of life treatment of sold products	125	
13. Downstream leased assets	61	
14. Franchises	Not Applicable	
15. Investments	Not Applicable	
Total All Scopes (location-based)	50,431	

ESG Project – ISO Certification

We achieved International Organization of Standardisation (ISO) standards around energy management (ISO 50001:2018) and environmental management (ISO 14001:2015) at four key manufacturing locations.

Our internal management systems have been validated to confirm that we are meeting the requirements on environmental protection and energy management and reduction. In 2023 we will continue to develop and refine our systems.

ESG Project – TCFD Reporting

In 2023 we will prepare our disclosures for the Task Force on Climate-Related Financial Disclosures (TCFD). These requirements are based around Governance, Strategy, Risk Management and Metrics and Targets. We must consider how these core areas fit into our Business Model and assess how we manage climate related risks.

We measure performance against ESG metrics which will form the basis of our reporting and help to develop a strategy for managing climate related risks. Our current reporting can be adapted to meet TCFD requirements, engaging our supply chain and utilising data on Green House Gas emissions (GHG) and carbon footprint. TCFD will complement our commitment to reduce our environmental impact.









We are committed to minimising any negative impact on the environment and upholding the highest standards of corporate responsibility.

Highlights

Continued development of energy and climate change action plans.

Eliminated F-gas losses (see page 39) and waste to landfill through better waste handling processes and waste contractor engagement..

ISO Certification at four key sites and principles rolled out across the Group to reduce energy use and environmental impact.

Work progressing with external consultant on a Pathway to Net Zero.

Adoption of **electric car lease scheme** that UK employees can elect to join. Site company cars all either **hybrid or electric**.

Review of potential future impact of TCFD commenced (H1 2022).

Comparative energy usage fell despite increased production.

Commenced roll out of more in-depth recycling processes and significantly upgraded recycling capabilities at our Winsford site.

Embedded **Environmental Pledge** Scheme across the Group to encourage employees to reduce their own carbon footprint.

Looking forward

- Make full use of the expanded data to more proactively forecast energy use and increase environmental awareness.
- Refine internal targets and embed management of climate change risk (renewable energy target: 70% by 2025). Renewable energy targets are increasingly challenging due to reduced availability and providers withdrawing from the market, resulting in our mix reducing from 51% to 39%.
- Continued focus on waste management processes.
- Further embed role of 'ESG Champions' for local and global awareness, initiatives and support.
- Review implementation of ISO 14001 and ISO 50001 certification across the Group and plan for certification at other sites.
- Further promote Environmental Pledge Scheme and expand impact measurement.

Emissions per £k sales

19.51 co₂e

Scope 1 (direct)/Scope 2 (indirect) emissions intensity (2021: 27.45 CO.e per £k sales)

38 m³/employee

total water usage (2021: 53m3)

0%

waste to landfill (2021: 2.2%)

0.92 tons/employee

total waste (2021: 1.25 tons/employee)

2,268,009 kg CO,e

Scope 1 and 2 emissions (2021: 2,838,419 CO₂e)

46%

renewable/low carbon energy mix (including nuclear) (2021: 51%)



We are committed to having a positive impact on the local communities in which we operate and offering our employees a safe, supportive working environment with a positive culture.

Highlights

Progressed actions from the **employee engagement survey** in 2021 resulted in more positive results in the 2022 survey.

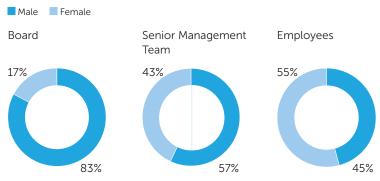
Increased donations to £47k for charitable and community activities through product and monetary donations (2021: £30k).

Executive bonus scheme increased focus on personal objectives and included progress in ESG as a specific goal.

Looking forward

- Complete EDI/unconscious bias training across the Group, in particular in recruitment (commenced in 2022; finish in H1 2023).
- · Continuous review of our benefits proposition.
- Increase training and development budget to develop key staff.
- Promote expanded Employee Assistance Programme (EAP) and actions to improve access to support for mental wellbeing.
- Increase frequency of company-wide EHS events including annual EHS day, site 'EHS focus events' and World Health & Safety Day to help reduce an increased accident and LTI rate in 2022.
- Focus on building approach to charitable giving and engagement by development of communities strategy.
- Expand work and profile of Altogether AMS, our Diversity and Inclusion Programme, and EDI Committee. Implement annual plan.

Employee gender diversity



74%

employee engagement survey response rate (2021: 69%)

87%

positive or neutral responses based on the external benchmark of our Engagement Score¹ (2021: 83%)

0

reported incident of discrimination (2021: 1)

21%

invested in the Employee Share Plan (2021: 20%)

3.3

H&S (AMS Accident Incident Rate) (2021: 2.7)

4

Lost Time Incidents (LTIs >7days) (2021: 0)



We are committed to contributing to society by developing products to improve patient outcomes.

Highlights

Significant progress in key R ϑ D projects to meet unmet patient needs (LiquiBandFIX8 $^{\circ}$ PMA for US distribution and Seal- G° and Seal- G° MIST – **see page 9**).

Further development of strategic approach to technology and innovation aligned to business growth plans.

Supply chain resilience and contingency planning throughout challenging economic conditions.

Assessed plans to implement strict standards of **sustainable sourcing**.

Engaged customers and suppliers regarding ESG data on products and processes.

Looking forward

- Further develop collaboration strategies with academia and research institutes.
- Introduce ESG criteria when auditing key suppliers.
- Roll-out Code of Conduct for suppliers to ensure enhanced customer requirements are embedded within the supply chain.
- Increasing focus on process efficiency and product quality innovation.
- Continued investigation and assessment of alternative raw material supplies to further strengthen security of supply and supply chain resilience.
- Review considerations for health care economics to consider the best ways to distribute product in an ethical way to meet ethical needs.
- Continued focus on responsible and sustainable sourcing of raw materials.

£12.3m

dedicated investment in R&D (2021: £9.3m)

9.9%

of revenue spend on R&D and innovation (2021: 8.6%)

2

new products released in 2022 (2021: 3)

98%

of key¹ materials suppliers met with, visited and/or audited in the past year (2021: 94%)

0

deaths caused in the market by AMS products (2021: 0)

\$10.6 billion

potential total annual achievable market estimation (see pages 12 to 13 for more information) (2021: \$10.6bn)



We are committed to operating in an ethical and responsible manner, upholding the highest standards of corporate governance and to building and developing an ESG reporting framework with meaningful targets.

Highlights

Continued adherence to the UK Corporate Governance Code (see pages **52 to 57**).

Appointment to the Board of **Liz Shanahan** as a Non-Executive Director.

Updated and revised Annual Compliance training on data protection, modern slavery and the policies listed below:

- Anti-Bribery, Anti-Money Laundering, Anti-Facilitation of Tax Evasion, Competition Law.
- · Whistleblowing.
- Market Abuse, Gifts and Hospitality.
- Health and Safety, and Environmental and Energy policies.

ESG Steering Committee embedded with regular Group-wide reporting.

 $\boldsymbol{\mathsf{ISO}}$ 50001 and $\boldsymbol{\mathsf{ISO}}$ 14001 action plan implemented at key sites.

Formally signed up to the **UN Global Compact** which commits us to standards on Human Rights, Labour Standards, Environment and Anti-Corruption.

Looking forward

- Sustainability and ESG related policy development.
- Further embedding of ISO 50001 and 14001 standards and expansion of Best Practice to other sites.
- Assessment of current processes and performance reporting to external, best practice benchmarks.
- Compliance training refreshed for Group-wide training.
- Development of a formal Code of Conduct for all employees.
- Continued integration of acquisitions to ensure all policies are adopted, including two acquisitions in 2022 and early 2023.
- Ensure TCFD reporting meets reporting standard.

O fines

and non-monetary sanctions from noncompliance with environmental laws and/or regulations (2021: 0)

5

ESG Steering Committee Meetings held during 2022 (2021: 1)

1 st

formal annual ESG Report completed

O incidents

of bribery, corruption or fraud (2021: 0 incidents)

0

whistleblowing reports (2021: 0)

£0

spend on political campaigns, lobbying or think tanks (2021: £0)

0

reported incidents of human rights violations in our supply chain (2021: 0)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

Becoming a more sustainable business.

Environmental Review of 2022

We are required to comply with the Companies (Directors' Report) and Limited Liability Partnerships (Energy & Carbon Report) Regulations, 2018, this covers Streamlined Energy and Carbon Reporting (SECR). In 2019, we measured our environmental impact in line with the SECR requirements to develop our base line results. These baseline results determined our base year figures to our most current reporting period.

Our 2022 report showed improvements through reduction in overall Carbon Dioxide Equivalent (CO_2 e) emissions to the atmosphere in both of our intensity ratios and helped to shape our objectives for 2023.

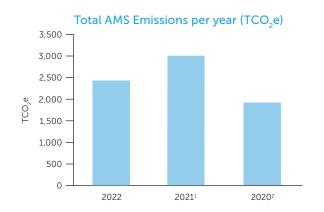
Our high-level findings for 2022 are presented below.

Environmental Impact

In 2022 AMS emitted 2,425 TCO_2e into the atmosphere, a decrease from 2021 (2,981 TCO_2e). This reduction has been driven by significant investment in air handling and cooling/heating systems and site controlled activities to reduce utility usage and preserve natural resources.

Total Scope 1,2 & 3 (TCO2e)

2022	2,425.31
2021	2,981.22
2020	1,899.00
2019	2,797.16



Environmental Development

In 2022 we committed to investing time and resources into becoming both increasing our sustainability and becoming more carbon efficient We utilised our Environmental Policy to drive decisions, gaining further commitment from our Board to continue to develop and progress our environmental plans and objectives.

As part of our commitments outlined on page 29 we have now been fully certificated against the International Standards (ISO) for Energy and Environmental Management (ISO 14001:2015 and ISO 50001:2018) and are proud of our achievements in attaining these certifications. In 2023 we will continue refining, developing and reducing our impact on the environment and reduce our reliance on natural energy resources.

2022 Targets

3	
No breaches of environmental permits or consents	✓ Achieved
Policy adoption (Environmental/ Energy Management)	✓ Achieved
Implementation of ISO 14001 and ISO 50001 across the Group	✓ Achieved
Feasibility studies of energy saving activities	✓ Partially achieved
Launch of Environmental Pledge programme	Achieved In conjunction with ESG Champions divested est 3 tonnes TCO ₂ e

Future development

In-line with our ESG framework and commitment to reduce our environmental burden, in 2023 AMS will further develop our approach to sustainability by:

- Continue to progress work with our chosen partner to review where we can reduce our Scope 1 and 2 emissions and implement engagement programmes to reduce our Scope 3 emissions, both up and down the supply chain.
- Using the Carbon Balance Sheet developed with Inspired Energy, engage with key stakeholders on our short, medium and long-term environmental goals and our ambitions around a Net Zero operating model.
- Set site-based targets to support our ambitions and promote how we can play a part in the circular economy, reduce reliance on natural resources and work towards keeping global warming under the Science-Based Target of 1.5C.

During 2022 we received a significant number of requests from our stakeholders for environmental and ESG related data. In 2023 we will continue to engage with our stakeholders to build on these relationships, share our plans and undertake activities that support our projects, focusing on reducing our emissions, minimising use of natural resources and reducing risk to habitats, including resource scarcity.

Our reporting

Our emissions reporting represents all core business operations within scope of our Consolidated Financial Statements. Primary data from energy suppliers has been used wherever possible.

Following the Companies (Directors' Report) and Limited Liability Partnerships (Energy & Carbon Report) Regulations, 2018 and to meet out SECR reporting requirements, we report within AMS' report the following recognised scopes.

These scopes are listed within ISO 14064-1, which describes the principles, concepts and methods relating to the quantification and reporting of direct and indirect greenhouse gas (GHG) emissions for an organisation.

Scope 1 – All Direct Emissions from the activities of an organisation or under their control, including fuel combustion such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions created during the production of the energy eventually used by the organisation.

Scope 3 – All Other Emissions from activities of the organisation, occurring from sources that they do not own or control.

Our calculations are based on records we hold and use location-based emissions in compliance with the factors published by BEIS/ DEFRA in June 2022. We report all our Scope 1 and Scope 2 emissions. Following a commitment in 2019, we report some elements of Scope 3.

The table below covers the total emissions from AMS activities for all locations in 2022, it also offers a comparison to both 2021 and our base year data 2020.

	rearty companison (kg CO ₂ e)		ig CO ₂ C/		
Emissions type/scope	2022	20211	2020 ²	Commentary	
Total Scope 1 (kg CO ₂ e)	1,272,869	1,726,938	565,517		
Natural gas (kg CO ₂ e)	996411	899,415	104,794	Gas emissions based on usage in all but one geographical location.	
Gas oil (kg CO ₂ e)	33,626	145,425	143,456	Emissions through use of oil powered heating and supply system in one AMS location.	
AMS Company cars (kg CO ₂ e)	242,832	248,891	172,504	Emissions generated from AMS owned vehicles, this is combined petrol, diesel, hybrid and electric emissions.	
F-gas losses (kg CO ₂ e)	0	433,207	144,763	Emissions captured through F-gas loses across AMS systems.	
Total Scope 2 (kg CO ₂ e)	995,141	1,111,481	1,310,640		
Location based electricity (kg CO ₂ e)	995,141	1,111,481	1,310,640	Electricity emissions based on use in each geographical location.	
Total Scope 3 (kg CO ₂ e)	157,301	142,798	22,838		
Electricity, transmission and distribution loss (kg CO_2e)	91,033	97,136	N/A	Not captured before 2021 covers loses within network and usage.	
Water in (kg CO ₂ e)	5,009	4,501	10,799	Water delivered to AMS locations for all types of use ranging from manufacturing processes to sanitary use.	
Private business miles (kg CO ₂ e)	40,997	19,751	N/A	Not captured before 2021, covers business miles completed in privately owned vehicles, based on the definition of a medium sized car powered by petrol, diesel, hybrid or electric.	
Waste processing, all types (kg CO ₂ e)	20,262	19,130	12,039	Emissions generated through waste processing based on types of waste generated, both recycled and non recyclable.	
Total Scope 1, 2 & 3 (kg CO ₂ e)	2,425,311	2,981,217	1,898,995		
Intensity measure – COGS (£K) (kg CO ₂ e)	19.51	27.45	22.23	kg CO ₂ e emissions per £ of sales.	
Intensity measure – Eaches (kg CO ₂ e)	0.08	0.03	0.02	kg CO ₂ e emissions per unit (eaches) produced.	
Intensity measure – Percentage of waste to landfill (% T)	0	2.2	N/A	Percentage of waste that cannot be recycled or further processed, but has to go to landfill.	
Intensity measure — Renewable/low carbon energy mix (including nuclear)	46	51%	42%	Percentage of Electricity supplied to locations from renewable sources (inc Nuclear).	
Renewable energy mix (excluding nuclear)	22%	30%	35%		

Yearly comparison (kg CO₂e)

¹ Raleigh included for first time in 2021.

² COVID-19 impacted year.